

**DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2015**



## Table of Contents

		<u>Page</u>
Officials		2
Independent Auditor's Report		3-4
Management's Discussion and Analysis (MD&A)		5-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19-20
Governmental Fund Financial Statements:		
Balance Sheet	C	21
Reconciliation of the Balance Sheet -		
Governmental Funds to the Statement of Net Position	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23
Reconciliation of the Statement of Revenues, Expenditures and Changes		
in Fund Balances - Governmental Funds to the Statement of Activities	F	24
Proprietary Funds Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	28
Statement of Changes in Fiduciary Net Position	K	29
Notes to Financial Statements		30-44
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in		
Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		46
Notes to Required Supplementary Information - Budgetary Reporting		47
Schedule of the District's Proportionate Share of the Net Pension Liability		48
Schedule of District Contributions		49
Notes to Required Supplementary Information – Pension Liability		50
Schedule of Funding Progress for the Retiree Health Plan		51
Supplementary Information:	<u>Schedule/Statement</u>	
Non-major Governmental Funds:		
Combining Balance Sheet	1	53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	54
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	55-56
Capital Project Accounts:		
Combining Balance Sheet	4	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	5	58
Proprietary Funds:		
Combining Statement of Net Position	6	59
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	7	60
Combining Statement of Cash Flows	8	61
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	9	62
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	10	63
Schedule of Expenditures of Federal Awards	11	64
Notes to Schedule of Expenditures of Federal Awards		65
Independent Auditor's Report on Internal Control over Financial Reporting and on		
Compliance and Other Matters Based on an Audit of Financial Statements		
Performed in Accordance with <i>Government Auditing Standards</i>		67-68
Independent Auditor's Report on Compliance for Each Major Federal Program and		
on Internal Control over Compliance Required by OMB Circular A-133		69-70
Schedule of Findings and Questioned Costs		71-73

**Dallas Center-Grimes Community School District**  
**Officials**  
**Year Ended June 30, 2015**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Douglas Rothfus	President	2015
David Eilers	Vice President	2017
Angela Glasgow	Board Member	2015
Kathie Hicok	Board Member	2015
Ronnie Wiedman	Board Member	2015
Scott Brown	Board Member	2017
Doug Rants	Board Member	2017
<b>School District Officials</b>		
Scott Grimes	Superintendent	2015
Michelle Wearmouth	District Secretary/Treasurer and Business Manager	2015
Ralph Brown	Attorney	Indefinite
Ahler's Law Firm	Attorney	Indefinite



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## **Independent Auditor's Report**

To the Board of Education  
Dallas Center-Grimes Community School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District, cities of Dallas Center and Grimes, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District at June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of Matter

As discussed in Note 12 to the financial statements, Dallas Center-Grimes Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dallas Center-Grimes Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the Dallas Center-Grimes Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dallas Center-Grimes Community School District's internal control over financial reporting and compliance.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 3, 2015

The Dallas Center - Grimes Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **Financial Highlights**

- ◆ General Fund revenues increased from \$21,965,594 in FY14 to \$23,416,307 in FY15 while General Fund expenditures increased from \$22,237,520 in FY2014 to \$24,370,331 in FY2015. A portion of the increased expenditures are attributed to the increased costs associated with serving 104 new students.
- ◆ This resulted in an expected decrease of \$954,024 in the District's General Fund balances, including restricted, committed and unassigned fund balances, from \$4,964,412 in fiscal 2014 to \$4,009,988 in fiscal 2015.
- ◆ The increase in General Fund revenues was primarily attributable to an increase in receipts of state funds and property tax collections due to 4% allowable growth and a significant increase in student enrollment of 131 students.
- ◆ The increase in General Fund expenditures was primarily attributable to an increase in the negotiated salary and benefits, and the and increased staffing associated with student growth, and new costs associated with the opening of the 8-9 facility. As student numbers increase, instructional supply expenditures increased as well. As the number of facilities increase, utility, repair, and staffing will also increase as well.

### **Overview of the Financial Statements**

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- ◆ The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- ◆ The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- ◆ The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this report are arranged and relate to one another.

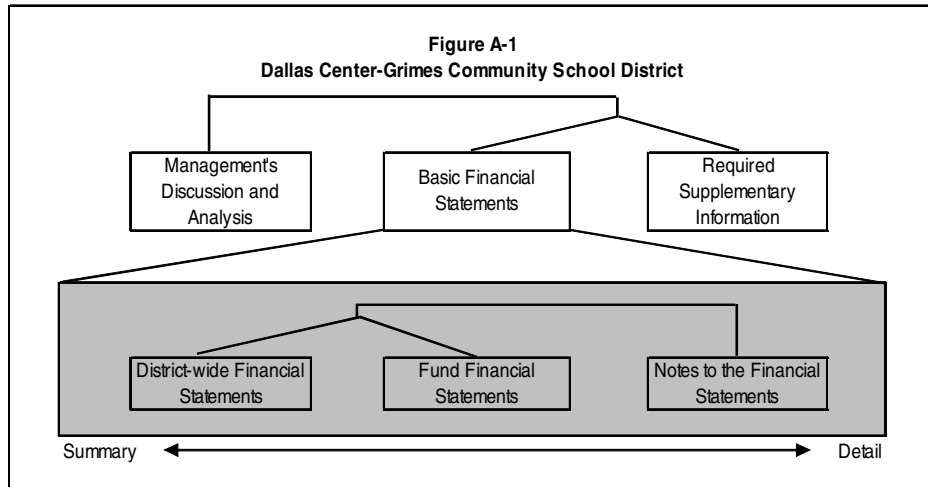


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2</b> <b>Major Features of the District-wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services, farm account, and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Common names of district funds included	All funds with the exception of scholarship funds	General, Debt Service, Capital Projects, Management, Student Activity	Nutrition Fund, Farm Enterprise Account, Student Construction Fund	Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, Bowersox Scholarship



**Dallas Center-Grimes Community School District**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**District-wide Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how it has changed. Net position is one way to measure the District's financial health or position.

To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities. The valuation of the district increased 3.00%.

Review of DC-G Property Tax Valuations by Year				
Year	Taxable Valuation without TIF	Increase over previous year	Percent increase	
FY2001	\$ 270,537,874	34,145,130	12.62%	
FY2002	337,471,923	66,934,049	19.83%	
FY2003	354,464,375	16,992,452	4.79%	
FY2004	361,420,196	6,955,821	1.92%	
FY2005	383,341,568	21,921,372	5.72%	
FY2006	418,254,246	34,912,678	8.35%	
FY2007	453,208,099	34,953,853	7.71%	
FY2008	495,093,032	41,884,933	8.46%	
FY2009	550,887,628	55,794,596	10.13%	
FY2010	611,963,877	61,076,249	9.98%	
FY2011	626,485,604	14,521,727	2.32%	
FY2012	589,205,292	(37,280,312)	-6.33%	
FY 2013	623,265,810	34,060,518	5.46%	
FY 2014	641,969,948	18,704,138	2.91%	

Dallas Center - Grimes Facilities by Age	
Dallas Center – Grimes Elementary, Grimes	Opened 8-1-1988
Dallas Center – Grimes Elementary, Dallas Center	Opened 1-1-2002
Dallas Center – Grimes Middle School, Dallas Center	Opened 8-1-2004
Dallas Center – Grimes High School, Grimes	Opened 8-1-2002
Dallas Center – Grimes Auditorium addition, Grimes	Opened 9-1-2005
Dallas Center – Grimes Sports Complex, Grimes	Final phase 9-1-2006
Dallas Center - Grimes North Ridge Elementary, Grimes	Opened 8-1-2008
Dallas Center - Grimes Meadows 8-9, Grimes	Opened 8-1-2012
Dallas Center - Grimes North Ridge 8 Room Addition	Opened 8-1-2014

In the District-wide financial statements, the District's activities are divided into two categories:

- ◆ *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- ◆ *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- ◆ Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
  - The District's governmental funds include the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue funds such as the Student Activity fund, Management fund, and PPEL fund.
- ◆ Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
  - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District's enterprise funds include the School Nutrition Fund, Student Construction Fund, and the Farm Enterprise Fund.
- ◆ Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency funds.
  - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. There are currently five scholarship trust funds: Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, and Bowersox Scholarship funds.
  - Agency Fund- These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases. The District has only one Agency fund which holds employee funds contributed by employees through payroll for use in the Medical and Dependent Care Flexible Spending Program.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net position – Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to 2014.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities June 30,		Business type Activities June 30,		Total District June 30,		Total Change June 30,
	2014 (Not restated)		2014 (Not restated)		2014 (Not restated)		2014-2015
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 27,996	26,258	714	442	28,710	26,700	7.5%
Capital assets	53,415	51,753	252	281	53,667	52,034	3.1%
Total assets	81,411	78,011	966	723	82,377	78,734	4.6%
Deferred outflows of resources	2,680	358	-	-	2,680	358	648.6%
Long-term liabilities	40,161	33,369	-	-	40,161	33,369	20.4%
Other liabilities	1,229	1,283	192	201	1,421	1,484	-4.2%
Total liabilities	41,390	34,652	192	201	41,582	34,853	19.3%
Deferred inflows of resources	15,966	11,473	-	-	15,966	11,473	39.2%
Net position:							
Invested in capital assets, net of related debt	23,379	20,602	252	281	23,631	20,883	13.2%
Restricted	8,935	7,387	-	-	8,935	7,387	21.0%
Unrestricted	(5,579)	4,255	522	241	(5,057)	4,496	-212.5%
Total net position	\$ 26,735	32,244	774	522	27,509	32,766	-16.0%

**Dallas Center-Grimes Community School District  
Management's Discussion and Analysis  
June 30, 2015**

Figure A-4 shows the change in net position for the year ended June 30, 2015, compared to the year ended June 30, 2014.

<b>Figure A-4</b>								
<b>Changes in Net Position</b>								
<b>(Expressed in Thousands)</b>								
	Governmental		Business Type		Total		Total	
	Activities		Activities		District		Change	
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,	
	2014		2014		2014			
	(Not		(Not		(Not			
	2015		2015		2015		2014-2015	
	restated)		restated)		restated)			
Revenues:								
Program revenues:								
Charges for service	\$ 3,111	2,915	1,218	1,122	4,329	4,037	7.2%	
Operating grants, contributions and restricted interest	3,395	3,231	402	394	3,797	3,625	4.7%	
General revenues:								
Property tax	12,587	11,885	-	-	12,587	11,885	5.9%	
Statewide sales, services and use tax	2,118	1,875	-	-	2,118	1,875	13.0%	
Unrestricted state grants	9,760	9,013	-	-	9,760	9,013	8.3%	
Unrestricted investment earnings	104	72	-	-	104	72	44.4%	
Other	920	1,322	12	38	932	1,360	-31.5%	
Total revenues	31,995	30,313	1,632	1,554	33,627	31,867	5.5%	
Program expenses:								
Governmental activities:								
Instruction	16,360	16,030	-	-	16,360	16,030	2.1%	
Support services	9,094	8,556	-	-	9,094	8,556	6.3%	
Non-instructional programs	-	-	1,380	1,565	1,380	1,565	-11.8%	
Other expenses	2,321	3,358	-	-	2,321	3,358	-30.9%	
Total expenses	27,775	27,944	1,380	1,565	29,155	29,509	-1.2%	
Change in net position	4,220	2,369	252	(11)	4,472	2,358	89.7%	
Net position beginning of year, as restated	22,515	29,875	522	533	23,037	30,408	-24.2%	
Net position end of year	\$ 26,735	32,244	774	522	27,509	32,766	-16.0%	

Property tax, sales and service tax, and unrestricted state grants account for 76% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

**Governmental Activities**

Revenues for governmental activities were \$31,995,805 and expenses were \$27,774,929

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services		Change	Net Cost of Services		Change
	2015	2014 (Not restated)	2014-2015	2015	2014 (Not restated)	2014-2015
Instruction	\$ 16,360	16,030	2.1%	10,824	10,784	0.4%
Support services	9,094	8,556	6.3%	9,028	8,480	6.5%
Other expenses	2,321	3,358	-30.9%	1,416	2,534	-44.1%
Totals	\$ 27,775	27,944	-0.6%	21,268	21,798	-2.4%

- The cost financed by users of the District's programs was \$3,111,393.
- Federal and state government subsidized certain programs with grants and contributions totaling \$ 3,395,562. The net cost of governmental activities was financed with \$14,705,349 in property and other taxes and \$9,760,090 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$1,620,266 and expenses were \$1,379,839. The District's business type activities include the School Nutrition Fund, Student Construction, and Farm Enterprise Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District increased meal prices by .10 cents. The District continues to contract food services with Taher, Incorporated of Minnesota.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Dallas Center-Grimes Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its government funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$14,213,825. The previous year, governmental funds reported a combined fund balance of \$13,745,365.

### Governmental Fund Highlights

- The District's unassigned/unrestricted general fund balance decreased in FY15. The general fund unassigned/unrestricted net fund balance decreased from \$4,827,092 unassigned fund balance in FY14 to \$3,934,326 unassigned fund balance for FY15. The District planned for the fund balance to be reduced in the fiscal year as fund balance must reduce until a time that cash reserve levy can again be levied. This will result in progress toward a solvency ratio closer to the District goal percentage. At this time, the District fund balance is in excess of the 20% limitation calculated to levy cash reserve funds. The district's targeted financial solvency rate is 10-15%. The solvency ratio was 17.47%, a planned decline of approximately 5%.
- DC-G has experienced enrollment growth, which has allowed for additional dollars to fund programs. This has allowed some of the increased cost to be covered by new funds. Significant student growth within a single year may inhibit the district's ability to maintain a constant property tax rate.
- Over the past ten years the net impact of open enrollment has been very positive for DC-G. There was net \$1,858,080 more available for funding programs within our district in 14-15 due to positive net open enrollment of 280 students.

**Dallas Center-Grimes Community School District  
Management's Discussion and Analysis  
June 30, 2015**

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- In 2001-02, DC-G implemented an instructional levy. In 2001-02, the instructional levy was 3%, in 2002-03 it was 7%, and since 2003-04 this levy has been at the maximum 10%. Prior to 2004-05, the district elected not to commit all the instructional levy dollars to spending in the same year. However, in the 2004-05, 2005-06 and 2006-07 fiscal years, the full instructional support levy amount was committed to current year spending. The district voted to renew its instructional levy in October 2008 for a five year period beginning July 1, 2009 and again in December 2014 for the five year period beginning July 1, 2014. It will be imperative for the district to continue to renew the instructional support levy in the future to maintain programs during enrollment growth.
- The District has implemented an extensive at-risk program, now at the maximum funding level. This has provided funding for some of the additional staff needed in the district, and has allowed the regular operating budget to absorb other increases.
- The District's administrative team and school board closely monitor monthly revenues and expenditures. The board has intentionally decided not to commit funds beyond a certain level which helps maintain a relatively constant or increasing fund balance.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$866,018 at the end of FY14 to \$ 1,025,722 at the end of FY15. Funds were spent primarily on a major technology infrastructure upgrade to support 1:1 computers in the high school, costs associated with the new bus facility, school bus purchases, carpet replacement, and other district repairs and maintenance.
- The Management fund balance decreased from \$409,099 at June 30, 2015 to \$199,589 at the close of FY15. The planned use of fund balance helped to control the property tax rate but cannot be utilized on a continuing basis. Increasing costs of liability and equipment repair insurances along with the need to control property tax increases has limited the ability of the District to offer programs such as early retirement in FY14 and FY15.

#### **Proprietary Fund Highlights**

School Nutrition cash/investments and inventories increased from \$229,670 at June 30, 2014 to \$277,560 at June 30, 2015. The Farm account cash/investments increased from \$11,281 at FY14 to \$12,502 at FY15.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Dallas Center - Grimes Community School District monitored the published budget. Budget amendments were needed in two of the four areas, the instructional area, and the support services area. The amendment was enacted by the Board prior to the deadline.

The District's receipts were \$844,899 higher than budgeted receipts, a variance of approximately 2.5 percent.

It is the District's practice to budget expenditures at levels up to the maximum authorized spending authority for funds, yet to manage and control the spending through the line-item budget. It is difficult to predict budget outcomes without the Legislature passing allowable growth percentage within budgetary timelines.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

At June 30, 2015, the District had invested \$53.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$1,790,570 in both governmental and business type activities.

**Figure A-6**  
**Capital Assets, net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 2,574	1,994	-	-	2,574	1,994	29.1%
Construction in progress	-	1,397	-	-	-	1,397	-
Buildings	49,066	46,282	-	-	49,066	46,282	6.0%
Improvements other than buildings	65	148	-	-	65	148	-56.1%
Furniture and equipment	1,710	1,932	252	281	1,962	2,213	-11.3%
Totals	\$ 53,415	51,753	252	281	53,667	52,034	3.1%

#### Long Term Debt

At June 30, 2015, the District has \$40,160,738 in general obligation, revenue and other long-term debt outstanding. This represents an increase of approximately twenty percent from last year attributable to repayment of obligations and inclusion of the IPERS net pension liability. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 of the financial statements.

**Figure A-7**  
**Outstanding Long-Term Obligations**  
**(Expressed in Thousands)**

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
General obligation bonds	\$ 26,640	28,005	-4.9%
GO bond discount, net	(85)	(93)	-8.6%
GO bond premium, net	14	17	-17.6%
Revenue bonds	4,925	4,925	0.0%
Revenue bond discount, net	(53)	(57)	-7.0%
Early retirement	365	509	-28.3%
Net pension liability	8,325	-	-
Other postemployment benefits	30	63	-52.4%
Totals	\$ 40,161	33,369	20.4%

**Dallas Center-Grimes Community School District**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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The following reviews recent bonding and construction:

October 19, 1999	Bond issue 9.75 million for purchase of Rhinehart land, purchase of Meadows land & build/furnish high school on Meadows land 1.26 million bond sold to begin construction and make land purchases	(Levy A only) Pass Levy B - Fail
November 23, 1999	Passage of the Polk County Local Option Sales Tax Revenue bond 4.9 million for the construction of DC elementary sold on October 17, 2000	Pass
December 7, 1999	Levy B raising funds to levy at the \$4.05 mark for the \$9.75 million dollar bond issue. 9.985 GO bond sold which was remaining dollars authorized Oct. 19, 1999 and refinance Grimes elementary bond	Pass
July 16, 2002	Bond issue \$6.4 million for construction, renovation, and furnishing a new middle school in Dallas Center	Pass
March 19, 2004	Began Phase One of Sports Complex project funded with Local Option Sales and Service dollars. Phase one completed October 18, 2004.	
March 30, 2004	Bond issue 3.0 million for construction and furnishing of auditorium addition to the high school	Pass
April 11, 2006	Bond issue 6.5 million for site acquisition, construction and furnishing a new elementary school (North Ridge Elementary)	Pass
April 11, 2006	Passage of voter-approved PPEL Levy not to exceed \$1.34/\$1,000	Pass
September 9, 2008	Revenue purpose statement SAVE/LOSST fund	Pass
September 14, 2010	QSCB General Obligation Bond \$11,315,000 Taxable for 8-9 building	Pass
April 7, 2015	Bond issue 13.8 million for site acquisition, construction and furnishing a new elementary school in the Grimes Heritage development area	Pass



### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- The District continues to experience enrollment growth. The District's population in 2010 is currently estimated at 9,869 which is approximately 51% growth over the 2000 census. The City of Grimes has requested a special census for 2015 which is currently underway.
- The most recent bond issue voted April 7, 2015 had an 82% positive vote in the election and construction will begin in FY 2016 on a new elementary facility in Grimes to support approximately 500 students.
- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The district continues to monitor growth of residential housing by monitoring the number of building permits granted and it is noted that recent data indicates a sharp incline in new building permits filed within the District.
- Two large developments continue to proceed in the City of Grimes: the Heritage development and the Beaverbrook development. Rapid home building in each of these areas is being continually monitored by the District. Residential building permits are being requested well above the historical levels. The district will need to closely monitor changes in enrollment and make staffing changes immediately. Failure to monitor and/or to react to enrollment declines will negatively impact the district's budget.
- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.
- In September 2008, the district approved a new Statement of Purpose for the LOSST. This will allow a greater use of LOSST funds and adding to the capacity for projects that have primarily been PPEL projects.
- In the fall of 2008, the district established a community wide facility committee. The facility committee continues to meet to review future facility needs of the District and reviews uses of funds for projects or the need for future bonding for major construction.
- The District voters passed the voter-approved PPEL levy on April 7, 2015 for 10 years. These funds will continue to support repair and renovations in the District and possible funds for needed additions to facilities.
- Along with growth, transportation needs to transport students to school locations continues to grow. The District has purchased three new buses. The district will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the District ten-year PPEL planning. If neighborhood school boundaries are changed, bussing needs may also change and additional buses must be purchased per year.
- The District completed its transportation facility in Grimes, and with a growing fleet the need for a central location to store and perform maintenance on the fleet was an imperative improvement. This complex includes a building for central storage and warehousing at this location. This project was funded with SAVE local option sales tax funds.
- Fiscal 2016 was the first year of a one-year contract with the Dallas Center-Grimes Education Association. The package totaled just over 4.0%. Future increases are tied to the allowable growth set by the state, which allows for a positive situation for the District. If needed, staff increases can be limited to lane, step, and insurance increases.
- In May 2015, the bond rating was reviewed by Moody's Investing Service for the fifth time and the rating was improved from Aa3 to Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.
- Over the past several years, the District net open enrollment in and out number has improved dramatically. The 2015 and 2016 school years will experience a net positive open enrollment students near the same figures as the previous fiscal year. The District will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate

changes in staffing levels if open enrollment drops. The district needs to continue to foster open enrollment to the extent that facilities allow.

- In the January 1, 2015 assessment of District taxable valuation, property values increased by 3.73%. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.
- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The District must continue to monitor and oppose TIFs that negatively impact the District.
- The District has grown an average of 60 students per year for the past ten years. The growth recorded in September 2008 was 63 students, September 2009 was 53 students, September 2010 was 58 students, September 2011 was 28 students, September 2014 was a record 157.37 students, September 2015 was an increase of 104.37, and September 2015 was an increase of 130.57 students. Although this level of growth is not planned for the future, it is prudent for the District to plan for growth of 50 to 75 students per year. This increase creates facility challenges as the district also increases its preschool program.
- To the south of the Grimes area, Aurora Business Park, L.L.C. has continued construction of a projected \$300 million dollar business park within school boundaries. This development will significantly increase property valuation, and will be the workplace of nearly one-thousand employees. Unfortunately, the area is a TIF area so general fund valuation will not grow with the development.
- Two years ago, Walmart opened a new store in the City of Grimes. Although not in the school district, the expected and planned retail development will impact the District's taxable valuation and enrollment. Commercial growth continues to happen in this area and land has been donated near this site for a YMCA.
- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as district facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs and renewal of this levy will be imperative for the District.
- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the district property tax rate. Although District enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.
- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes.
- The District has structured payments for General Obligation bonds with several larger payments in the years 2027, 2028, and 2029. This structure will create difficulty in future bonding schedules, and the Board will prudently review this situation and take available action to consider using subsidy payments and pre-levying funds toward prepayment of those bonds to create a favorable payment structure for the future.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 512, Dallas Center, Iowa 50063.

## **Basic Financial Statements**

**Dallas Center-Grimes Community School District**  
**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 14,252,766	233,779	14,486,545
Receivables:			
Property tax:			
Delinquent	56,970	-	56,970
Succeeding year	12,790,864	-	12,790,864
Accounts	-	265,884	265,884
Due from other funds	191,486	-	191,486
Due from other governments	703,674	-	703,674
Inventories	-	214,850	214,850
Capital assets, net of accumulated depreciation	53,415,239	251,685	53,666,924
<b>Total assets</b>	<b>81,410,999</b>	<b>966,198</b>	<b>82,377,197</b>
<b>Deferred Outflows of Resources</b>			
Deferred bond costs	298,333	-	298,333
Pension related deferred outflows	2,381,846	-	2,381,846
<b>Total deferred outflows of resources</b>	<b>2,680,179</b>	<b>-</b>	<b>2,680,179</b>
<b>Liabilities</b>			
Accounts payable	391,459	578	392,037
Salaries and benefits payable	461,612	-	461,612
Due to other funds	-	191,486	191,486
Deposits payable	138,000	-	138,000
Accrued interest payable	238,145	-	238,145
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,410,000	-	1,410,000
Early retirement	114,984	-	114,984
Portion due after one year:			
General obligation bonds	25,158,724	-	25,158,724
Revenue bonds	4,871,770	-	4,871,770
Early retirement	250,383	-	250,383
Net pension liability	8,324,917	-	8,324,917
Net OPEB liability	29,960	-	29,960
<b>Total liabilities</b>	<b>41,389,954</b>	<b>192,064</b>	<b>41,582,018</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	12,790,864	-	12,790,864
Pension related deferred inflows	3,174,884	-	3,174,884
<b>Total deferred inflows of resources</b>	<b>15,965,748</b>	<b>-</b>	<b>15,965,748</b>
<b>Net position</b>			
Net investment in capital assets	23,379,038	251,685	23,630,723
Restricted for:			
Categorical funding	75,661	-	75,661
Debt service	5,634,381	-	5,634,381
Management levy purposes	199,589	-	199,589
Physical plant and equipment	1,025,722	-	1,025,722
Capital projects	1,769,427	-	1,769,427
Student activities	230,613	-	230,613
Unrestricted	(5,578,955)	522,449	2,061,049
<b>Total net position</b>	<b>\$ 26,735,476</b>	<b>774,134</b>	<b>27,509,610</b>

See notes to financial statements.

**Dallas Center-Grimes Community School District**  
**Statement of Activities**  
**Year ended June 30, 2015**

	Program Revenues					Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Regular instruction	\$ 9,573,926	2,043,955	2,027,476	(5,502,495)	-	(5,502,495)
Special instruction	3,774,611	467,974	350,331	(2,956,306)	-	(2,956,306)
Other instruction	3,011,786	553,820	93,119	(2,364,847)	-	(2,364,847)
	16,360,323	3,065,749	2,470,926	(10,823,648)	-	(10,823,648)
Support Services:						
Student	603,936	-	-	(603,936)	-	(603,936)
Instructional staff	1,320,111	-	-	(1,320,111)	-	(1,320,111)
Administration	3,014,757	-	-	(3,014,757)	-	(3,014,757)
Operating and maintenance of plant	2,962,752	-	-	(2,962,752)	-	(2,962,752)
Transportation	1,192,142	45,644	19,966	(1,126,532)	-	(1,126,532)
	9,093,698	45,644	19,966	(9,028,088)	-	(9,028,088)
Other expenditures:						
Facilities acquisition	-	-	-	-	-	-
Long-term debt interest	1,416,238	-	-	(1,416,238)	-	(1,416,238)
AEA flowthrough	904,670	-	904,670	-	-	-
	2,320,908	-	904,670	(1,416,238)	-	(1,416,238)
Total governmental activities	27,774,929	3,111,393	3,395,562	(21,267,974)	-	(21,267,974)
Business type activities:						
Non-instructional programs:						
Food service operations	1,336,870	941,371	401,796	-	6,297	6,297
Student construction	41,805	274,192	-	-	232,387	232,387
Farm account	1,164	2,385	-	-	1,221	1,221
Total business type activities	1,379,839	1,217,948	401,796	-	239,905	239,905
Total primary government	\$ 29,154,768	4,329,341	3,797,358	(21,267,974)	239,905	(21,028,069)

## Exhibit B

**Dallas Center-Grimes Community School District**  
**Statement of Activities**  
**Year ended June 30, 2015**

	Program Revenues			Net (Expense)	Revenue & Changes in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Totals from previous page</b>	<b>\$ 29,154,768</b>	<b>4,329,341</b>	<b>3,797,358</b>	<b>(21,267,974)</b>	<b>239,905</b>	<b>(21,028,069)</b>
General Revenues:						
Property tax levied for:						
General purposes				8,127,907	-	8,127,907
Debt service				3,205,877	-	3,205,877
Capital outlay				1,253,094	-	1,253,094
Statewide sales, services and use tax				2,118,471	-	2,118,471
Unrestricted state grants				9,760,090	-	9,760,090
Unrestricted investment earnings				103,720	522	104,242
Other				903,214	-	903,214
Contributions not restricted to specific programs				16,477	-	16,477
Contributed capital				-	11,784	11,784
Total general revenues				25,488,850	12,306	25,501,156
Change in net position				4,220,876	252,211	4,473,087
Net position beginning of year, as restated				22,514,600	521,923	23,036,523
Net position end of year				\$ 26,735,476	774,134	27,509,610

See notes to financial statements.

**Dallas Center-Grimes Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
<b>Assets</b>					
Cash and pooled investments					
Other	\$ 3,885,518	5,858,830	4,063,007	445,411	14,252,766
Receivables:					
Property tax:					
Delinquent	35,267	13,696	5,420	2,587	56,970
Succeeding year	7,661,544	3,242,008	1,267,311	620,001	12,790,864
Due from other funds	191,486	-	-	-	191,486
Due from other governments	538,408	-	165,266	-	703,674
<b>Total assets</b>	<b>\$ 12,312,223</b>	<b>9,114,534</b>	<b>5,501,004</b>	<b>1,067,999</b>	<b>27,995,760</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 179,079	-	194,584	17,796	391,459
Deposits payable	-	-	138,000	-	138,000
Salaries and benefits payable	461,612	-	-	-	461,612
Total liabilities	640,691	-	332,584	17,796	991,071
Deferred inflows of resources :					
Unavailable revenues:					
Succeeding year property tax	7,661,544	3,242,008	1,267,311	620,001	12,790,864
Total deferred inflows of resources	7,661,544	3,242,008	1,267,311	620,001	12,790,864
Fund balances:					
Restricted for:					
Categorical funding	75,661	-	-	-	75,661
Debt service	-	5,872,526	-	-	5,872,526
Management levy purposes	-	-	-	199,589	199,589
Student activities	-	-	-	230,613	230,613
School infrastructure	-	-	2,875,387	-	2,875,387
Physical plant and equipment	-	-	1,025,722	-	1,025,722
Unassigned	3,934,327	-	-	-	3,934,327
Total fund balances	4,009,988	5,872,526	3,901,109	430,202	14,213,825
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,312,223</b>	<b>9,114,534</b>	<b>5,501,004</b>	<b>1,067,999</b>	<b>27,995,760</b>

See notes to financial statements.

Exhibit D

**Dallas Center-Grimes Community School District  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2015**

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**Total fund balances of governmental funds (Exhibit C)** **\$ 14,213,825**

***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:

Land	\$ 2,573,829	
Buildings	60,596,778	
Improvements	1,436,448	
Vehicles, furniture and equipment	6,180,018	
Accumulated depreciation	(17,371,834)	53,415,239

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.

(238,145)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	2,381,846	
Deferred inflows of resources	(3,174,884)	(793,038)

Long-term liabilities, including bonds and notes payable, bond discounts, deferred bond costs, bond premiums, accrued interest payable, net pension liability, other postemployment benefits and special termination benefits are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities at year-end consist of:

General obligation bonds	(26,640,000)	
Sales tax revenue bonds	(4,925,000)	
Bond discounts, net	138,849	
Deferred bond costs, net	298,333	
Bond premiums, net	(14,343)	
Net pension liability	(8,324,917)	
Other postemployment benefits	(29,960)	
Special termination benefits	(365,367)	(39,862,405)

**Net position of governmental activities (Exhibit A)** **\$ 26,735,476**

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See notes to financial statements.



## Exhibit E

**Dallas Center-Grimes Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2015**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 7,379,592	3,134,477	1,223,693	534,772	12,272,534
Tuition	2,236,592	-	-	-	2,236,592
Other	444,191	877,956	19,541	554,256	1,895,944
State sources	12,856,998	71,945	2,148,082	14,776	15,091,801
Federal sources	498,934	-	-	-	498,934
Total revenues	23,416,307	4,084,378	3,391,316	1,103,804	31,995,805
Expenditures:					
Current:					
Instruction:					
Regular	10,558,588	-	-	163,738	10,722,326
Special	3,883,233	-	-	-	3,883,233
Other	1,592,887	-	-	554,436	2,147,323
	16,034,708	-	-	718,174	16,752,882
Support services:					
Student	634,873	-	-	-	634,873
Instructional staff	1,238,643	-	-	-	1,238,643
Administration	2,395,612	-	562,385	-	2,957,997
Operation and maintenance of plant	2,190,253	-	265,167	569,695	3,025,115
Transportation	971,572	-	99,843	25,625	1,097,040
	7,430,953	-	927,395	595,320	8,953,668
Other expenditures:					
Facilities acquisition	-	-	2,197,567	-	2,197,567
Long-term debt:					
Principal	-	1,365,000	-	-	1,365,000
Interest and fiscal charges	-	1,353,558	-	-	1,353,558
AEA flowthrough	904,670	-	-	-	904,670
	904,670	2,718,558	2,197,567	-	5,820,795
Total expenditures	24,370,331	2,718,558	3,124,962	1,313,494	31,527,345
Excess (deficiency) of revenues over (under) expenditures	(954,024)	1,365,820	266,354	(209,690)	468,460
Other financing sources (uses):					
Operating transfers in	-	289,612	-	-	289,612
Operating transfers out	-	-	(289,612)	-	(289,612)
Total other financing sources (uses)	-	289,612	(289,612)	-	-
Change in fund balances	(954,024)	1,655,432	(23,258)	(209,690)	468,460
Fund balances beginning of year, as restated	4,964,012	4,217,094	3,924,367	639,892	13,745,365
Fund balances end of year	\$ 4,009,988	5,872,526	3,901,109	430,202	14,213,825

See notes to financial statements.

**Dallas Center-Grimes Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2015**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ 468,460**

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and other transactions involving capital assets in the year are as follows:

Capital outlays	\$	3,412,026	
Depreciation expense		(1,749,499)	1,662,527

Certain delinquent property tax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.

-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Bond principal repaid	1,365,000		
Amortization of bond premium	3,019		
Amortization of deferred bond costs	(59,667)		
Amortization of bond discount	(11,245)		1,297,107

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

5,213

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

1,364,524

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	143,794		
Pension expense	(753,789)		
Other postemployment benefits	33,040		(576,955)

**Change in net position of governmental activities (Exhibit B)** **\$ 4,220,876**

See notes to financial statements.

Exhibit G

**Dallas Center-Grimes Community School District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Enterprise Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 233,779
Accounts receivable	265,884
Inventories	214,850
Capital assets, net of accumulated depreciation	251,685
<b>Total assets</b>	<b>966,198</b>
<b>Liabilities</b>	
Accounts payable	578
Due to other funds	191,486
Net pension liability	-
<b>Total liabilities</b>	<b>192,064</b>
<b>Net Position</b>	
Net investment in capital assets	251,685
Unrestricted	522,449
<b>Total net position</b>	<b>\$ 774,134</b>

See notes to financial statements.

## Exhibit H

**Dallas Center-Grimes Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Enterprise Funds
Operating revenues:	
Local sources:	
Operating revenues	\$ 1,217,948
Operating expenses:	
Instructional programs:	
Support services:	
Services	40,253
Supplies	2,716
	42,969
Non-instructional programs:	
Food service operations:	
Services	1,160,565
Supplies	135,234
Depreciation	41,071
	1,336,870
Total operating expenses	1,379,839
Operating loss	(161,891)
Non-operating revenues:	
State sources	9,948
Federal sources	391,848
Interest income	522
Total non-operating revenues	402,318
Income (loss) before other sources (uses)	240,427
Other sources (uses)	
Capital contributions	11,784
Total other sources (uses)	11,784
Changes in net position	252,211
Net position beginning of year	521,923
Net position end of year	\$ 774,134

See notes to financial statements.

**Dallas Center-Grimes Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 908,452
Cash received from miscellaneous operating activities	43,612
Cash payments to suppliers for goods or services	(1,255,582)
Net cash used by operating activities	<u>(303,518)</u>
Cash flows from non-capital financing activities:	
State grants received	9,948
Federal grants received	305,854
Net cash provided by non-capital financing activities	<u>315,802</u>
Cash flows from capital and related financing activities:	
Interfund loan	1,849
Net cash provided by capital and related financing activities	<u>1,849</u>
Cash flows from investing activities:	
Interest on investments	<u>522</u>
Net increase in cash and cash equivalents	14,655
Cash and cash equivalents at beginning of year	<u>219,124</u>
Cash and cash equivalents at end of year	<u><u>\$ 233,779</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (161,891)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	85,994
Depreciation	41,071
(Increase) in accounts receivable	(265,884)
Decrease in inventories	7,926
(Decrease) in accounts payable	(10,734)
Net cash used by operating activities	<u><u>\$ (303,518)</u></u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Assets:</b>	
Current assets:	
Cash and investments	\$ 233,779
Cash and cash equivalents at year end	<u><u>\$ 233,779</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015, the District received \$85,994 of federal commodities.

See notes to financial statements.

Exhibit J

**Dallas Center-Grimes Community School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015**

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 179,914	5,173
<b>Total assets</b>	179,914	5,173
<b>Liabilities</b>		
Accounts payable	-	5,173
<b>Total liabilities</b>	-	5,173
<b>Net position</b>		
Reserved for scholarships	179,914	-
<b>Total net assets</b>	\$ 179,914	-

See notes to financial statements.

Exhibit K

**Dallas Center-Grimes Community School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year ended June 30, 2015**

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 73,569
Interest income	249
Total additions	<u>73,818</u>
Deductions:	
Support services:	
Scholarships awarded	<u>70,775</u>
Change in net position	3,043
Net position beginning of year	<u>176,871</u>
Net position end of year	<u><u>\$ 179,914</u></u>

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

The Dallas Center-Grimes Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dallas Center and Grimes, Iowa, and the predominate agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dallas Center-Grimes Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

Dallas Center-Grimes Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital



requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

**Proprietary Fund Types:** Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District's proprietary funds consist of three Enterprise funds: School Nutrition, Student Construction and School Farm Account. These funds are used to account for the food service operations, student construction operations and farm rental operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expense when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, contributions from the employer after the measurement date but before the end of the employer's reporting period and the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term Liabilities – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

*Unassigned* – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the following:

Iowa Schools Joint Investment Trust:		
Diversified Portfolio	\$	3,453,671
Bankers Trust:		
ISJIT Diversified Portfolio		613,905
US Treasury Notes		3,937,204
IPASeducation Program:		
Institutional Money Market		3
	\$	<u>8,004,783</u>

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the IPASeducation program were both rated Aaa by Moody's Investors Service. The fair value of the District's position in these programs is the same as the value of the program share. The District is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa, and certain joint investment trusts. The District may also invest in commercial paper or other short-term corporate debt that matures within two hundred seventy days that is rated in the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

(3) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt service	Capital projects	\$ 289,612
		<u>\$ 289,612</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,993,829	580,000	-	2,573,829
Construction in progress	1,397,106	2,585,880	3,982,986	-
Total capital assets not being depreciated	3,390,935	3,165,880	3,982,986	2,573,829
Capital assets being depreciated:				
Buildings	56,613,792	3,982,986	-	60,596,778
Improvements other than buildings	1,436,448	-	-	1,436,448
Furniture and equipment	5,933,872	246,146	-	6,180,018
Total capital assets being depreciated	63,984,112	4,229,132	-	68,213,244
Less accumulated depreciation for:				
Buildings	10,331,858	1,199,218	-	11,531,076
Improvements other than buildings	1,288,230	82,709	-	1,370,939
Furniture and equipment	4,002,247	467,572	-	4,469,819
Total accumulated depreciation	15,622,335	1,749,499	-	17,371,834
Total capital assets being depreciated, net	48,361,777	2,479,633	-	50,841,410
Governmental activities capital assets, net	\$ 51,752,712	5,645,513	3,982,986	53,415,239
<b>Business type activities:</b>				
Furniture and equipment	\$ 693,223	11,784	-	705,007
Less accumulated depreciation	412,251	41,071	-	453,322
Business type activities capital assets, net	\$ 280,972	(29,287)	-	251,685
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular			\$	428,790
Special				6,427
Other				877,409
Support services:				
Student support				3,856
Instructional staff				141,241
Administration				78,404
Operation and maintenance of plant				14,077
Transportation				199,295
Total governmental activities depreciation expense			\$	1,749,499
Business type activities:				
Food services			\$	41,071

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 28,005,000	-	1,365,000	26,640,000	1,410,000
GO bond discounts	(92,897)	-	(7,278)	(85,619)	-
GO bond premiums	17,362	-	3,019	14,343	-
Revenue bonds	4,925,000	-	-	4,925,000	-
Revenue bond discounts	(57,197)	-	(3,967)	(53,230)	-
Early retirement	509,161	4,112	147,906	365,367	114,984
Net pension liability	10,955,292	-	2,630,375	8,324,917	-
Net OPEB liability	63,000	-	33,040	29,960	-
Total	\$ 44,324,721	4,112	4,168,095	40,160,738	1,524,984

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Bond Issue of July 1, 2004											
				Year ending	Bond Issue of April 1, 2010			Bond Issue of December 1, 2010			
Int. Rate %	Principal	Interest	June 30,	Int. Rate %	Principal	Interest	Int. Rate %	Principal	Interest		
4.30	\$ 10,000	139,673	2016	2.500	700,000	108,085	5.625	-	620,156		
4.40	10,000	139,242	2017	2.650	735,000	90,585	5.625	-	620,156		
4.45	10,000	138,803	2018	2.800	765,000	71,108	5.625	-	620,156		
4.50	10,000	138,357	2019	3.000	790,000	49,687	5.625	-	620,156		
4.55	10,000	137,908	2020	3.150	825,000	25,987	5.625	-	620,156		
4.65	10,000	137,452	2021	-	-	-	5.625	-	620,156		
4.75	5,000	136,988	2022	-	-	-	5.625	-	620,156		
5.00	1,335,000	136,750	2023	-	-	-	5.625	-	620,156		
5.00	1,400,000	70,000	2024	-	-	-	5.625	-	620,156		
-	-	-	2025	-	-	-	5.625	-	620,156		
-	-	-	2026	-	-	-	5.625	-	620,156		
-	-	-	2027	-	-	-	5.625	-	620,156		
-	-	-	2028	-	-	-	5.625	-	620,156		
-	-	-	2029	-	-	-	5.625	11,025,000	620,156		
2,800,000		1,175,173			3,815,000	345,452		11,025,000	8,682,184		

**Dallas Center-Grimes Community School District**  
**Notes to Financial Statements**  
**June 30, 2015**

General Obligation Bonds Payable (continued)

Year ending June 30,	Bond Issue of February 1, 2012			Total		
	Int. Rate %	Principal	Interest	Principal	Interest	Total
2016	1.000	700,000	153,062	1,410,000	1,020,976	2,430,976
2017	1.000	685,000	146,062	1,430,000	996,045	2,426,045
2018	1.000	690,000	139,212	1,465,000	969,279	2,434,279
2019	1.500	700,000	132,313	1,500,000	940,513	2,440,513
2020	1.500	700,000	121,813	1,535,000	905,864	2,440,864
2021	1.750	1,400,000	111,313	1,410,000	868,921	2,278,921
2022	1.750	1,400,000	86,813	1,405,000	843,957	2,248,957
2023	2.000	150,000	62,313	1,485,000	819,219	2,304,219
2024	2.250	175,000	59,313	1,575,000	749,469	2,324,469
2025	2.250	1,300,000	55,375	1,300,000	675,531	1,975,531
2026	2.375	1,100,000	26,125	1,100,000	646,281	1,746,281
2027	-	-	-	-	620,156	620,156
2028	-	-	-	-	620,156	620,156
2029	-	-	-	11,025,000	620,156	11,645,156
		<u>9,000,000</u>	<u>1,093,714</u>	<u>\$26,640,000</u>	<u>11,296,523</u>	<u>37,936,523</u>

Crossover Refundings – February 1, 2012

On February 1, 2012, the District issued \$9,500,000 in general obligation bonds to advance refund \$4,190,000 of outstanding general obligation bonds dated November 1, 2002, and \$5,015,000 of outstanding general obligation bonds dated May 1, 2006, in a crossover refunding. The proceeds of the refunding bonds have been placed in an irrevocable escrow account and have been invested in U.S. Government Obligations which have been certified to be sufficient to pay all principal and interest due on the Series 2002 bonds after November 1, 2013, and principal and interest due on the Series 2006 bonds after December 1, 2013. The new refunding bonds have been added to the appropriate financial statements and schedules. The district remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,839,215 and resulted in an economic gain of \$1,496,858.

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Bond Issue of December 1, 2010		
	Int. Rate %	Principal	Interest
2016	5.850	\$ -	288,113
2017	5.850	-	288,112
2018	5.850	-	288,113
2019	5.850	-	288,112
2020	5.850	-	288,113
2021	5.850	-	288,112
2022	5.850	-	288,113
2023	5.850	-	288,112
2024	5.850	-	288,113
2025	5.850	-	288,112
2026	5.850	-	288,113
2027	5.850	-	288,112
2028	5.850	-	288,113
2029	5.850	-	288,112
2030	5.850	4,925,000	144,056
		<u>\$ 4,925,000</u>	<u>4,177,631</u>



The District has pledged future statewide sales, services and use tax revenues to repay the \$4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 33% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,177,631. For the current year, \$288,112 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$2,118,471.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2015.

#### **(6) Pension Plan**

Pension Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present

actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$1,364,524.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$8,324,917 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's proportion was 0.205702 percent, which was an increase of 0.012214 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$615,867. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,476	-
Changes of assumptions	367,397	-
Net difference between projected and actual earnings on pension plan investments	-	3,174,884
Changes in proportion and differences between District contributions and proportionate share of contributions	559,449	-
District contributions subsequent to the measurement date	1,364,524	-
Total	<u>\$ 2,381,846</u>	<u>3,174,884</u>

\$1,364,524 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2016	\$ (556,029)
2017	(556,029)
2018	(556,029)
2019	(556,029)
2020	66,554
	<u>\$ (2,157,562)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2015)	3.00 percent
Salary increases (effective June 30, 2015)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 15,729,697	\$ 8,324,917	\$ 2,074,516

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$8,632 for legally required employer contributions and \$5,751 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(7) Other Post-Employment Benefits (OPEB)**

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 310 active and 24 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 233,000
Interest on net OPEB obligation	2,835
Adjustment to annual required contribution	(3,875)
Annual OPEB cost	231,960
Contributions made	(265,000)
Increase in net OPEB obligation	(33,040)
Net OPEB obligation beginning of year	63,000
Net OPEB obligation end of year	<u>\$ 29,960</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$265,000 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 204,000	76.47%	\$ 48,000
June 30, 2011	204,559	76.26%	96,559
June 30, 2012	190,000	100.53%	95,559
June 30, 2013	192,658	99.14%	97,217
June 30, 2014	231,000	114.81%	63,000
June 30, 2015	231,960	114.24%	29,960

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2015, the actuarial accrued liability was \$2,016,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,016,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,800,000, and the ratio of the UAAL to covered payroll was 13.6%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(8) Termination Benefits**

The District offered a voluntary early retirement plan to its full-time, certified employees. Eligible employees must have been at least age fifty-five and must have completed fifteen years of continuous service to the District, except for administrators who must have completed ten years. Employees must have completed an application which is subject to approval by the Board of Education. The benefits are arrived at by taking the average salary over the last fifteen years times a percentage at the time of early retirement. The percentage starts at 25% at age 55 and decreases each year to 0% at age 65. Early retirement expenditures for the year ended June 30, 2015 totaled \$147,906.

**(9) Risk Management**

Dallas Center-Grimes Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$904,670 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) **Related Party Transaction**

The District had business transactions totaling \$243 between the District and District officials during the year ended June 30, 2015.

(12) **Accounting Change/Restatement**

The Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 32,243,690	521,923
Accounts receivable adjustment as of June 30, 2014	(400)	-
Net pension liability at June 30, 2014	(10,955,292)	-
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	1,226,602	-
Net position July 1, 2014, as restated:	<u>\$ 22,514,600</u>	<u>521,923</u>

### **Required Supplementary Information**

**Dallas Center-Grimes Community School District**  
**Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances**  
**Budget and Actual - All Governmental Funds and Proprietary Funds**  
**Required Supplementary Information**  
**Year ended June 30, 2015**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance-Favorable (Unfavorable)
Revenues:						
Local sources	\$ 16,405,070	1,218,470	17,623,540	18,993,709	18,993,709	(1,370,169)
State sources	15,091,801	9,948	15,101,749	13,297,161	13,297,161	1,804,588
Federal sources	498,934	391,848	890,782	480,302	480,302	410,480
Total revenues	31,995,805	1,620,266	33,616,071	32,771,172	32,771,172	844,899
Expenditures:						
Instruction	16,752,882	-	16,752,882	16,624,355	17,274,355	521,473
Support services	8,953,668	42,969	8,996,637	8,702,052	9,002,052	5,415
Non-instructional programs	-	1,336,870	1,336,870	1,523,076	1,523,076	186,206
Other expenditures	5,820,795	-	5,820,795	9,437,353	9,437,353	3,616,558
Total expenditures	31,527,345	1,379,839	32,907,184	36,286,836	37,236,836	4,329,652
Excess (deficiency) of revenues over (under) expenditures	468,460	240,427	708,887	(3,515,664)	(4,465,664)	5,174,551
Other financing sources, net	-	11,784	11,784	-	-	11,784
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	468,460	252,211	720,671	(3,515,664)	(4,465,664)	5,186,335
Balance beginning of year, as restated	13,745,365	521,923	14,267,288	14,082,951	14,082,951	184,337
Balance end of year	\$ 14,213,825	774,134	14,987,959	10,567,287	9,617,287	5,370,672

See accompanying independent auditor's report.



**Dallas Center-Grimes Community School District**  
**Notes to Required Supplementary Information - Budgetary Reporting**  
**Year ended June 30, 2015**

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This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$950,000.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**Dallas Center-Grimes Community School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employee's Retirement System**  
**Last Fiscal Year\* (In Thousands)**  
**Required Supplementary Information**

	2015
District's proportion of the net pension liability	0.205702%
District's proportion of the net pension pension liability	\$ 8,325
District's covered-employee payroll	\$ 13,225
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	- 62.95%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Dallas Center-Grimes Community School District**  
**Schedule of District Contributions**  
**Iowa Public Employees' Retirement System**  
**Last 10 Fiscal Years (In Thousands)**  
**Required Supplementary Information**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 1,365	1,227	1,085	952	778	688	642	530	465	477
Contributions in relation to the statutorily required contribution	(1,365)	(1,227)	(1,085)	(952)	(778)	(688)	(642)	(530)	(465)	(477)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 14,843	13,225	12,051	11,442	10,814	10,307	9,766	8,431	8,082	7,289
Contributions as a percentage of covered-employee payroll	9.20%	9.28%	9.00%	8.32%	7.19%	6.68%	6.57%	6.29%	5.75%	6.54%

See accompanying independent auditor's report.

**Dallas Center-Grimes Community School District**  
**Notes to Required Supplementary Information – Pension Liability**  
**Year ended June 30, 2015**

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Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2015. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implements the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**Dallas Center-Grimes Community School District**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**  
**Year ended June 30, 2015**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	2,190,000	2,190,000	0.0%	\$ 10,300,000	21.3%
2011	July 1, 2009	-	2,190,000	2,190,000	0.0%	10,800,000	20.3%
2012	July 1, 2011	-	1,968,000	1,968,000	0.0%	11,400,000	17.3%
2013	July 1, 2011	-	1,968,000	1,968,000	0.0%	12,500,000	15.7%
2014	July 1, 2013	-	2,016,000	2,016,000	0.0%	13,000,000	15.5%
2015	July 1, 2013	-	2,016,000	2,016,000	0.0%	14,800,000	13.6%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

## **Supplementary Information**

## Schedule 1

**Dallas Center-Grimes Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 197,002	248,409	445,411
Receivables:			
Property tax:			
Delinquent	2,587	-	2,587
Succeeding year	620,001	-	620,001
<b>Total assets</b>	<b>\$ 819,590</b>	<b>248,409</b>	<b>1,067,999</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	17,796	17,796
Total liabilities	-	17,796	17,796
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	620,001	-	620,001
Total deferred inflows of resources	620,001	-	620,001
Fund balances:			
Restricted for:	199,589	-	199,589
Management levy purposes	-	230,613	230,613
Student activities	199,589	230,613	430,202
Total fund balances			
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 819,590</b>	<b>248,409</b>	<b>1,067,999</b>

See accompanying independent auditor's report.

## Schedule 2

**Dallas Center-Grimes Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2015**

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 534,772	-	534,772
Other	-	554,256	554,256
State sources	14,776	-	14,776
Total revenues	549,548	554,256	1,103,804
Expenditures:			
Current:			
Instruction:			
Regular	163,738	-	163,738
Other	-	554,436	554,436
Support Services:			
Operation and maintenance of plant	569,695	-	569,695
Transportation	25,625	-	25,625
Total expenditures	759,058	554,436	1,313,494
Excess (deficiency) of revenues over (under) expenditures	(209,510)	(180)	(209,690)
Fund balances beginning of year	409,099	230,793	639,892
Fund balances end of year	\$ 199,589	230,613	430,202

See accompanying independent auditor's report.



## Schedule 3

**Dallas Center-Grimes Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2015**

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
HS Annual	\$ 1,000	7,848	15,997	7,149	-
HS Art Club	1,157	-	-	-	1,157
Athletics	9,001	67,200	34,654	(33,743)	7,804
Athletics Resale	-	37,473	39,920	2,447	-
HS/MS/Elem Band Resale	9,869	18,149	16,753	(540)	10,725
Baseball	-	4,071	8,117	4,046	-
Boosters	-	73,540	74,964	1,424	-
Boys/Girls Basketball	-	44,880	46,566	1,686	-
Character Counts	418	-	-	-	418
Class of:					
2011	112	4,139	20	-	4,231
2012	-	2,723	20	-	2,703
2014	142	-	20	-	122
2015	7,608	80	6,937	-	751
2016	6,102	6,806	3,626	-	9,282
Cross Country	-	409	1,939	1,530	-
DC Presbyter Student Emergency Fund	5,365	-	1,194	-	4,171
Dig Pink Volleyball	45	6,083	8,618	2,490	-
Drama/Speech	-	50	5,105	5,055	-
Drill Team	319	-	-	-	319
Equip Repair	2,465	4,829	3,984	-	3,310
Football	3,475	72,443	78,893	2,975	-
HS French Club	685	-	-	-	685
FFA	9,443	20,690	23,587	-	6,546
FHA	2,168	237	265	-	2,140
Girls Softball	-	11,943	16,949	5,006	-
Golf	-	-	4,059	4,059	-
HS Bakers	293	539	1,918	1,086	-
HS Enterprise	272	-	-	-	272
HS Student Council	6,324	4,600	2,782	-	8,142
HS Honor Society	1,632	2,912	2,519	-	2,025
HS Cheerleading	-	6,275	3,574	-	2,701
HS Dance Marathon	348	5,833	5,827	-	354
HS Juice/Pop Machine	6,495	13,062	8,095	-	11,462
HS Sign-Monument Fundraiser	122	-	-	-	122
HS Band/Vocal Fundraiser	-	1,500	-	-	1,500
Horticulture Club	925	-	-	-	925
Interest	6,894	436	612	(55)	6,663
Soccer	681	11,849	11,133	-	1,397
HS Drama/Musical	13,120	4,486	2,602	(12,116)	2,888
MS Drama/Musical	3,069	-	-	-	3,069
P.A.L.S.	2,929	2,202	240	-	4,891
Picture Fund	10,324	8,525	8,377	-	10,472
SADD	380	-	-	-	380
Spanish Club	638	-	-	-	638

## Schedule 3

**Dallas Center-Grimes Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2015**

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Track	306	10,615	10,092	-	829
Volleyball	-	9,246	12,643	3,397	-
Washington DC fundraiser	-	1,000	1,000	-	-
Wind Commissioning Project	1,000	-	-	-	1,000
Wrestling	-	6,700	11,382	4,682	-
Meadows Yearbook	936	997	-	-	1,933
HS/MS/Elem Vocal Resale	3,921	11,379	22,901	7,601	-
Jr. High Annual	7,104	290	-	-	7,394
Jr. High Cheerleading	1,906	-	-	-	1,906
Jr. High Juice/Pop Machine	13,003	24,702	14,399	-	23,306
Jr. High Student Council	7,262	1,886	1,391	-	7,757
MS Athletics	975	2,264	200	-	3,039
MS Band/Vocal Fundraiser	3,398	-	-	-	3,398
Northridge Fundraiser	5,330	4,001	3,647	-	5,684
Meadows Pop Fundraiser	2,824	5,326	6,007	-	2,143
Meadows Student Council	4,071	1,146	1,703	-	3,514
Kiwanis Key Club	941	5,936	6,040	-	837
Seniors Against Cancer 2010	36	-	-	-	36
K. Reed Baseball Fundraiser	5,607	-	5,280	-	327
FFA Test Plot	14,687	6,541	3,462	(8,234)	9,532
Miscellaneous	-	-	55	55	-
Elementary Juice - Grimes	-	325	-	-	325
Elementary Fundraiser - Grimes	18,708	10,396	6,457	-	22,647
Elementary Fundraiser - D.C.	23,623	4,104	6,555	-	21,172
Elementary Student Council	1,335	1,590	1,356	-	1,569
Total	\$ 230,793	554,256	554,436	-	230,613

See accompanying independent auditor's report.

## Schedule 4

**Dallas Center-Grimes Community School District**  
**Combining Balance Sheet**  
**Capital Project Accounts**  
**June 30, 2015**

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and pooled investments	\$ 2,829,044	138,000	1,095,963	4,063,007
Receivables:				
Property tax:				
Delinquent	-	-	5,420	5,420
Succeeding year	-	-	1,267,311	1,267,311
Due from other governments	165,266	-	-	165,266
<b>Total assets</b>	<b>\$ 2,994,310</b>	<b>138,000</b>	<b>2,368,694</b>	<b>5,501,004</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 25,189	93,734	75,661	194,584
Deposits payable	-	138,000	-	138,000
Total liabilities	25,189	231,734	75,661	332,584
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	1,267,311	1,267,311
Total deferred inflows of resources	-	-	1,267,311	1,267,311
Fund balances:				
Restricted for:				
School infrastructure	2,969,121	(93,734)	-	2,875,387
Physical plant and equipment	-	-	1,025,722	1,025,722
Total fund balances	2,969,121	(93,734)	1,025,722	3,901,109
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,994,310</b>	<b>138,000</b>	<b>2,368,694</b>	<b>5,501,004</b>

See accompanying independent auditor's report.

## Schedule 5

**Dallas Center-Grimes Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Accounts**  
**Year ended June 30, 2015**

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ -	-	1,223,693	1,223,693
Other	3,438	-	16,103	19,541
State sources	2,118,471	-	29,611	2,148,082
Total revenues	2,121,909	-	1,269,407	3,391,316
Expenditures:				
Support services:				
Administration	110,337	-	452,048	562,385
Operation and maintenance of plant	-	-	265,167	265,167
Transportation	-	-	99,843	99,843
Other expenditures:				
Facilities acquisition	1,811,188	93,734	292,645	2,197,567
Total expenditures	1,921,525	93,734	1,109,703	3,124,962
Excess (deficiency) of revenues over (under) expenditures	200,384	(93,734)	159,704	266,354
Other financing uses:				
Operating transfers out	(289,612)	-	-	(289,612)
Total other financing uses	(289,612)	-	-	(289,612)
Change in fund balances	(89,228)	(93,734)	159,704	(23,258)
Fund balances beginning of year	3,058,349	-	866,018	3,924,367
Fund balances end of year	\$ 2,969,121	(93,734)	1,025,722	3,901,109

See accompanying independent auditor's report.

**Dallas Center-Grimes Community School District**  
**Combining Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 221,277	-	12,502	233,779
Accounts receivable	32,919	232,965	-	265,884
Inventories	23,364	191,486	-	214,850
Total current assets	277,560	424,451	12,502	714,513
Non-current assets:				
Machinery and equipment	705,007	-	-	705,007
Accumulated depreciation	(453,322)	-	-	(453,322)
Total non-current assets	251,685	-	-	251,685
<b>Total assets</b>	529,245	424,451	12,502	966,198
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	578	-	578
Due to other funds	-	191,486	-	191,486
Total current liabilities	-	192,064	-	192,064
<b>Total liabilities</b>	-	192,064	-	192,064
<b>Net position</b>				
Net investment in capital assets	251,685	-	-	251,685
Unrestricted	277,560	232,387	12,502	522,449
<b>Total net position</b>	\$ 529,245	232,387	12,502	774,134

See accompanying independent auditor's report.

## Schedule 7

**Dallas Center-Grimes Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
Operating revenue:				
Local sources:				
Other local sources:				
Food service sales	\$ 941,371	-	-	941,371
Other operating revenue	-	274,192	2,385	276,577
Total operating revenues	941,371	274,192	2,385	1,217,948
Operating expenses:				
Instructional programs:				
Support services:				
Services	-	40,253	-	40,253
Supplies	-	1,552	1,164	2,716
	-	41,805	1,164	42,969
Non-instructional programs:				
Food services operations:				
Services	1,160,565	-	-	1,160,565
Supplies	135,234	-	-	135,234
Depreciation	41,071	-	-	41,071
	1,336,870	-	-	1,336,870
Total operating expenses	1,336,870	41,805	1,164	1,379,839
Operating income (loss)	(395,499)	232,387	1,221	(161,891)
Non-operating revenue:				
State lunch and breakfast program claims	9,948	-	-	9,948
National school lunch program	275,778	-	-	275,778
School breakfast program	30,076	-	-	30,076
Federal food commodities revenue	85,994	-	-	85,994
Interest income	522	-	-	522
Total non-operating revenues	402,318	-	-	402,318
Income (loss) before other sources (uses)	6,819	232,387	1,221	240,427
Other sources				
Capital contributions	11,784	-	-	11,784
Total other sources	11,784	-	-	11,784
Change in net assets	18,603	232,387	1,221	252,211
Net position beginning of year	510,642	-	11,281	521,923
Net position end of year	\$ 529,245	232,387	12,502	774,134

See accompanying independent auditor's report.

**Dallas Center-Grimes Community School District**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 908,452	-	-	908,452
Cash received from miscellaneous operating activities	-	41,227	2,385	43,612
Cash payments to suppliers for goods or services	(1,211,342)	(43,076)	(1,164)	(1,255,582)
Net cash used by operating activities	(302,890)	(1,849)	1,221	(303,518)
Cash flows from non-capital financing activities:				
State grants received	9,948	-	-	9,948
Federal grants received	305,854	-	-	305,854
Net cash provided by non-capital financing activities	315,802	-	-	315,802
Cash flows from capital and related financing activities:				
Interfund loan	-	1,849	-	1,849
Net cash provided by capital and related financing activities	-	1,849	-	1,849
Cash flows from investing activities:				
Interest on investments	522	-	-	522
Net increase (decrease) in cash and cash equivalents	13,434	-	1,221	14,655
Cash and cash equivalents at beginning of year	207,843	-	11,281	219,124
Cash and cash equivalents at end of year	\$ 221,277	-	12,502	233,779
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>				
Operating income (loss)	\$ (395,499)	232,387	1,221	(161,891)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Commodities received	85,994	-	-	85,994
Depreciation	41,071	-	-	41,071
Decrease (increase) in accounts receivable	(32,919)	(232,965)	-	(265,884)
Decrease (increase) in inventories	(1,537)	9,463	-	7,926
Increase (decrease) in accounts payable	-	(10,734)	-	(10,734)
Net cash used by operating activities	\$ (302,890)	(1,849)	1,221	(303,518)
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>				
Current assets:				
Cash and investments	\$ 221,277	-	12,502	233,779
Cash and cash equivalents at year end	\$ 221,277	-	12,502	233,779

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015, the District received \$85,994 of federal commodities.

See accompanying independent auditor's report.

## Schedule 9

**Dallas Center-Grimes Community School District**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year ended June 30, 2015**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 6,021	134,175	135,023	5,173
<b>Total assets</b>	<b>\$ 6,021</b>	<b>134,175</b>	<b>135,023</b>	<b>5,173</b>
<b>Liabilities</b>				
Accounts payable	\$ 6,021	134,175	135,023	5,173
<b>Total liabilities</b>	<b>\$ 6,021</b>	<b>134,175</b>	<b>135,023</b>	<b>5,173</b>

See accompanying independent auditor's report.



**Dallas Center-Grimes Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 12,272,534	11,884,997	12,649,685	12,949,278	12,739,378	11,363,921	10,619,714	9,825,186	9,082,518	8,307,448
Tuition	2,236,592	2,160,260	1,880,643	1,980,567	1,500,763	1,395,539	1,012,133	843,932	856,003	762,661
Other	1,895,944	2,146,295	1,149,854	1,066,535	950,438	857,296	1,086,116	1,020,355	1,291,850	749,178
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	15,091,801	13,584,833	10,203,422	9,543,447	8,604,944	7,016,341	8,078,842	7,211,170	6,619,458	6,250,822
Federal sources	498,934	535,750	1,294,504	1,545,858	1,024,959	1,428,832	572,324	305,557	286,065	183,603
Total	\$ 31,995,805	30,312,135	27,178,108	27,085,685	24,820,482	22,061,929	21,369,129	19,206,200	18,135,894	16,253,712
Expenditures:										
Instruction:										
Regular	\$ 10,722,326	9,568,759	9,017,465	8,501,484	7,849,462	7,355,452	7,088,478	6,290,307	5,628,941	5,164,281
Special	3,883,233	3,588,540	3,119,983	2,755,783	2,634,941	2,641,397	2,553,384	2,043,222	2,007,372	2,283,500
Other	2,147,323	1,815,048	1,641,719	1,588,602	1,348,211	1,268,276	1,403,303	1,118,647	1,134,497	520,020
Support services:										
Student	634,873	598,037	490,337	460,271	447,669	304,895	280,913	308,091	313,631	262,652
Instructional staff	1,238,643	1,057,144	859,640	762,515	674,401	622,790	625,916	728,554	641,692	607,481
Administration	2,957,997	2,711,628	2,118,846	2,032,968	2,031,545	1,849,610	1,574,775	1,266,285	1,105,159	1,020,140
Operation and maintenance of plant	3,025,115	2,718,926	2,227,993	2,253,378	1,955,381	1,924,219	1,906,595	1,711,100	1,701,335	1,540,756
Transportation	1,097,040	1,402,211	1,252,583	1,002,860	945,413	922,979	734,216	908,382	684,799	677,594
Other expenditures:										
Facilities acquisition	2,197,567	2,610,141	2,648,167	15,272,641	2,222,456	414,834	1,685,470	6,838,285	2,855,622	1,830,565
Long-term debt:										
Principal	1,365,000	1,310,000	1,075,000	1,245,000	1,160,000	1,285,301	1,703,506	1,761,407	3,419,786	1,475,000
Interest and other charges	1,353,558	1,386,846	1,872,183	2,062,644	1,058,320	1,011,053	1,031,399	1,092,893	1,171,975	1,053,011
AEA flowthrough	904,670	823,740	729,350	700,651	731,714	689,348	602,958	528,510	483,562	445,711
Total	\$ 31,527,345	29,591,020	27,053,266	38,638,797	23,059,513	20,290,154	21,190,913	24,595,683	21,148,371	16,880,711

See accompanying independent auditor's report.

**Dallas Center-Grimes Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2015**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 15	\$ 30,076
National School Lunch Program	10.555	FY 15	361,772
			<u>391,848</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>97,631</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>82,983</u>
Advanced Placement Program	84.330	FY 15	<u>310</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>23,886</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>12,445</u>
Area Education Agency:			
Special Education - Grants to States	84.027	FY 15	<u>99,551</u>
U.S. Department of Health and Human Services:			
Iowa Department Of Education:			
AIDS Education	93.938	FY 15	<u>700</u>
Total			<u>\$ 709,354</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Dallas Center-Grimes Community School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Dallas Center-Grimes Community School District for the year ended June 30, 2015. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of states, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Significant Accounting Policies**

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

**Note 3. Pass-through Funding**

Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Career and Technical Education - Basic Grants to States	84.048	\$ 65,831

**Note 4. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$85,994 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

**Dallas Center-Grimes Community School District**



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Education of Dallas Center-Grimes Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Dallas Center-Grimes Community School District, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas Center-Grimes Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas Center-Grimes Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Dallas Center-Grimes School District's Responses to the Findings

Dallas Center-Grimes Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Dallas Center-Grimes Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas Center-Grimes Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 3, 2015



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**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditor's Report on Compliance for Each Major Federal Program and  
on Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Education of Dallas Center-Grimes Community School District:

Report on Compliance for Each Major Federal Program

We have audited Dallas Center-Grimes Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each its major federal programs for the year ended June 30, 2015. Dallas Center-Grimes Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dallas Center-Grimes Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas Center-Grimes Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Dallas Center-Grimes Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Dallas Center-Grimes Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Dallas Center-Grimes Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dallas Center-Grimes Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 3, 2015



**Dallas Center-Grimes Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
  - Clustered Programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Dallas Center-Grimes Community School District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

**Part IV: Other Findings Related to Required Statutory Reporting**

- IV-A-15      Certified Budget - Expenditures for the year ended June 30, 2015, did not exceed the certified budget amount in the support services function.
- IV-B-15      Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-15      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**Dallas Center-Grimes Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015**

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IV-D-15      Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kent Hicok, Spouse of Board Member	Supplies	\$243

None of the transactions appear to represent a conflict of interest and they appear to be in compliance with board policies.

Recommendation – The District may want to consult legal counsel to determine disposition of this matter.

Response – We will consider the need to consult legal counsel.

Conclusion – Response accepted.

IV-E-15      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-15      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

IV-G-15      Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-15      Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-15      Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.

IV-J-15      Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-15      Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

**Dallas Center-Grimes Community School District**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2015**

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IV-L-15      Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	3,058,349
Revenues/transfers in:			
Sales tax revenues	\$	2,118,471	
Other local revenues		3,438	2,121,909
			<hr/>
			5,180,258
Expenditures/transfers out:			
School infrastructure construction		1,921,525	
Transfers to other funds:			
Debt service funds		289,612	2,211,137
			<hr/>
Ending balance		\$	<u>2,969,121</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.